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Economic Scene

Soviet and U.S. Military Costs

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In his Inaugural Address this week, President Reagan said the Soviet Union "has conducted the greatest military buildup in the history of man." He said the United States had made progress in restoring its defense capability, "but much remains to be done."

While planning to submit a budget "aimed at freezing Government program spending for the next year," Mr. Reagan intends to seek a 6 percent increase in military spending, after allowing for inflation. The only way "safely and legitimately" to reduce the cost of national security," the President said, is to reduce the need for it.

Meanwhile, however, the rate of growth of Soviet military spending has slowed dramatically, according to revised Central Intelligence Agency estimates that have been known for the last year and a half. These estimates, based on satellite surveillance of weapons and productive resources, are that since 1976 the annual growth rate of Soviet military spending has fallen to 2 percent or less.

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Even more striking is the flat trend of Soviet weapons procurement, according to a study by Richard F. Kaufman, assistant director of the Joint Economic Committee of Congress. In an article in a new journal, Soviet Affairs, Mr. Kaufman, drawing on official intelligence sources, finds that within the overall flat trend there has been a changing mix in production and deployment of Soviet weapons.

Weapons production data from the Defense Intelligence Agency show that of 32 categories of weapons produced in 1977-83 for Soviet forces (excluding exports), 19 declined or stayed at the same level and 13 increased. Three of the four types of strategic offensive systems declined. The production of most types of aircraft declined. But four out of six kinds of guided missiles increased, as did half the ground force weapons and three of the four categories of ships. The strategic systems that declined in numbers were the most costly, and helped pull down the growth of total spending. Stretchouts were not random or across-the-board but were concentrated in strategic weapons production.

A similar picture emerges from data on weapons deployment. For instance, the Soviet land-based ICBM force declined by 70 missiles in 1973-77 and by 79 missiles in 1978-82. Nuclear-powered ballistic missile submarines increased by 34 in 1973-77 and by only one in 1978-82.

While the data show a sharp decline in the number of offensive strategic weapons deployed in recent years, there was a mixed trend in aircraft and large net increases in strategic defensive weapons, theater nuclear weapons, conventional ground weapons and most ships.

Noting that the C.I.A. concludes that the procurement stretchouts were more a matter of necessity than choice, resulting from economic and technical difficulties affecting high-cost, high-technology systems, Mr. Kaufman suggests that in the 1970's there may have been a deliberate change in Soviet policy to shift the emphasis from strategic to theater nuclear and conventional weapons.

This policy change might have resulted from the strategic arms limitation talks with the United States, border fighting with the Chinese, a huge Soviet buildup in the Far East, the intervention in Afghanistan and worries about uprisings in Eastern Europe and about NATO's growing strength.

Commenting on the Kaufman article, John Steinbruner, director of foreign policy studies at the Brookings Institution, puts even greater stress on Soviet defense policy changes and criticizes the Pentagon for a "systematic overestimate that ignores Soviet restraint." He blames Defense Secretary Caspar W. Weinberger for making no mention of the revised intelligence data on Soviet military outlays and the shift from offensive to defensive weapons. The intelligence data, he says, "have been recorded but not absorbed and their implications for security policy remain largely unexamined." He warns that "fears about the Soviet military that are rendered immune from any disproof or qualification will ultimately become self-fulfilled."

In another appraisal of the Kaufman study, David Holloway of the Center for International Security and Arms Control at Stanford University stresses that "economic factors have always played a role in Soviet defense policy." He sees no point in treating economic and doctrinal causes separately, contending that cost constraints dovetailed with policy reasons for the military slowdown.

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On the American side, cost constraints are also pressing on the military budget and national security policy. With the budget running $200 billion in the red, costly weapons systems, as well as the proposed Strategic Defense Initiative, compete for scarce resources with civilian programs and also, within the military, for enhanced conventional forces and outlays on greater readiness.

The severe burdens of climbing military costs and the threat of defensive systems in space appear to have brought the Soviet Union back to the bargaining table. The choice facing the United States now is whether to press the Russians still harder with a rapid military buildup or to capitalize on their lagging military, technological and economic performance in an effort to attain actual arms reduction and greater military stability.

There can be economic as well as national security gains for this country if burgeoning American strength can be translated into negotiated arms reductions. Mr. Reagan now says he seeks that end, and the test of his second term will be whether he can achieve it.